



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

m/23/007

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

May 7, 2002

Ann Norman  
Branch Manager  
Wells Fargo Bank  
95 North Main  
Payson, Utah 84651

Re: Authorization for Partial Release of Reclamation Surety, Certificate of Deposit (CD), North Lily Mining Company, Tintic Project, M/023/007, Juab County, Utah

Dear Ms. Norman:

Wells Fargo is presently holding a Certificate of Deposit # \_\_\_\_\_ for the benefit of the State of Utah, Division of Oil, Gas and Mining as a form of reclamation surety for North Lily Mining Company's Tintic Mine Project. At the company's request and after site inspections to verify that reclamation work has been satisfactorily completed, this letter will authorize the release of sufficient principal to reduce the face value of the Certificate of Deposit to no less than \$23,200 dollars. As of May 6, 2002, the Certificate of Deposit balance with interest was reported at \$33,634.11 dollars. The partial payment should be directed to JBR Environmental Consultants, Inc. (see attached release notification letter). We understand that a 3-month interest penalty may apply for early withdrawal of the certificate.

When this transaction has been accomplished, please furnish us with written confirmation that appropriate funds have been released and that the balance of retained funds will remain at no less than \$23,200.

If you have any questions or concerns, please contact Mary Ann Wright at (801) 538-5306, or Wayne Hedberg at (801) 538-5286. Again, thank you for your help in this matter.

Sincerely,

Lowell P. Braxton  
Director

sm

Attachment: JBR release request letter

cc: Steve Flechner, North Lily  
Bob Bayer, JBR Environmental Consultants, Inc.  
Mary Ann Wright, OGM  
Wayne Hedberg, OGM

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environmental consultants, inc.

8160 South Highland Drive • Sandy, Utah 84093 • (801) 943-4144 • Fax (801) 942-1852

April 17, 2002

RECEIVED

Ms. Mary Ann Wright  
Associate Director, Mining

APR 18 2002

DIVISION OF  
OIL, GAS AND MINING

Mr. D. Wayne Hedburg  
Permit Supervisor

Utah Division of Oil Gas and Mining  
1594 West north Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Request of Partial Bond Release, North Lily Mining Company, Silver City, Utah Facility

Dear Ms. Wright and Mr. Hedburg:

This is North Lily's third request for partial reclamation bond release for the subject facility. Since the last OGM-authorized partial bond release in mid-2001, the former plant and solution pond site, the site of the post-closure fluid management facility, and the supplementally regraded portion of the west former heap leach slope have been ripped, amended with composted manure at a rate of 10 tons per acre, and seeded with the OGM-approved seed mix. In addition, the remaining barrels of caustic tank residue were properly transported off site and disposed of by SafetyKleen. This reclamation work was completed in November 2001.

This current bond release request is based upon the revised remaining line-item bond amounts as described in Ms. Wright's November 1, 2001 letter to Mr. Steve Flechner of North Lily. As of that date, OGM held a remaining reclamation bond of \$32,500 plus accrued interest for the subject former heap leach facility. This letter was accompanied by a reallocated reclamation cost estimate for work remaining following last fall's revegetation-related activities of \$23,200. The amount that could be released upon inspection and approval by OGM was stated as \$9,300 (plus accrued interest). Therefore, on behalf of North Lily Mining Company, we request that DOGM release \$9,300 of the remaining \$32,500 bond plus all accrued interest per Ms. Wright's November 1, 2001 letter.

We understand that Mr. Jensen of OGM conducted a site inspection on January 7, 2002; however, snow cover prevented him from assessing the work done last fall. We presume that Mr. Jensen may have inspected the site since that time and if he has not done so, we request that this inspection be carried out as soon as possible.

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Cedar City, Utah  
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Elko, Nevada  
(775) 738-8766  
Fax (775) 738-2264

Boise, Idaho  
(208) 853-0883  
Fax (208) 853-0884

MS. MARY ANN WRIGHT, MR. WAYNE HEDBURG  
4/17/02  
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In accordance with instructions previously provided by North Lily, please make the reclamation bond release check payable to JBR Environmental Consultants, Inc. and mail it to JBR's Sandy, Utah office at the letterhead address.

Your prompt attention to this request would be very much appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert J. Bayer".

Robert J. Bayer  
Managing Principal

cc: Stephen Flechner/Gene Webb, North Lily Mining Company  
Doug Jensen, OGM  
M. Keller, Vancott Bagley